

Federal Communications Commission

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§ 36.503 Accumulated depreciation—Account 3100.

(a) Amounts recorded in this account shall be separated on the basis of the separation of the associated primary Plant Accounts or related categories, excluding amortizable assets.

§ 36.504 Accumulated depreciation—Property held for future telecommunications use—Account 3200.

(a) Amounts in this account are apportioned among the operations on the basis of the separation of the costs of the related items carried in Account 2002—Property Held for Future Telecommunications Use.

§ 36.505 Accumulated amortization—Tangible—Account 3400 (Class B Telephone Companies); Accumulated amortization—Capital Leases—Account 3410 (Class A Telephone Companies).

(a) Amounts in these accounts are apportioned among the operations on the basis of the separation of the related accounts.

§ 36.506 Net current deferred operating income taxes—Account 4100, Net noncurrent deferred operating income taxes—Account 4340.

(a) Amounts in these accounts are maintained by plant account and are apportioned among the operations on the basis of the separations of the related plant accounts.

§ 36.507 Other jurisdictional liabilities and deferred credits—Net—Account 4370.

(a) Amounts in this account are separated based upon an analysis of the specific items involved.

Subpart F—Universal Service Fund

GENERAL

§ 36.601 General.

(a) The term Universal Service Fund in this subpart refers only to the support for loop-related costs included in § 36.621. The term Universal Service in part 54 of this chapter refers to the comprehensive discussion of the Commission's rules implementing section 254 of the Communications Act of 1934, as amended, 47 U.S.C. 254, which ad-

dresses universal service support for rural, insular, and high cost areas, low-income consumers, schools and libraries, and health care providers. The expense adjustment calculated pursuant to this subpart F shall be added to interstate expenses and deducted from state expenses after expenses and taxes have been apportioned pursuant to subpart D of this part. Beginning January 1, 1998, the expense adjustment calculated pursuant to this subpart will be administered and funded through the new universal service system discussed in part 54 of this chapter.

(b) The expense adjustment will be computed on the basis of data for a preceding calendar year which may be updated at the option of the carrier pursuant to § 36.612(a).

(c) Until June 30, 2001, the annual amount of the total nationwide expense adjustment shall consist of the amounts calculated pursuant to § 54.309 of this chapter and the amounts calculated pursuant to this subpart F. The annual amount of the total nationwide loop cost expense adjustment calculated pursuant to this subpart F shall not exceed the amount of the total loop cost expense adjustment for the immediately preceding calendar year, increased by a rate equal to the rate of increase in the total number of working loops during the calendar year preceding the July 31st filing. The total loop cost expense adjustment shall consist of the loop cost expense adjustments, including amounts calculated pursuant to § 36.612(a) and § 36.631. The rate of increase in total working loops shall be based upon the difference between the number of total working loops on December 31 of the calendar year preceding the July 31st filing and the number of total working loops on December 31 of the second calendar year preceding that filing, both determined by the company's submissions pursuant to § 36.611. Beginning January 1, 2000, non-rural incumbent local exchange carriers and, eligible telecommunications carriers serving lines in the service area of non-rural incumbent local exchange carriers, shall only receive support pursuant to this subpart F to the extent that they qualify pursuant to § 54.311 of this chapter for interim hold-harmless support.

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Support amounts calculated pursuant to this subpart F but not received due to the phase down of interim hold-harmless support or the receipt of forward-looking support pursuant to § 54.311 of this chapter shall not be redistributed to other carriers.

[52 FR 17229, May 6, 1987, as amended at 56 FR 27422, June 14, 1991; 58 FR 69242, Dec. 30, 1993; 61 FR 34376, July 2, 1996; 62 FR 32947, June 17, 1997; 62 FR 40748, July 30, 1997; 63 FR 2124, Jan. 13, 1998; 64 FR 30924, June 9, 1999; 64 FR 67430, Dec. 1, 1999; 65 FR 78992, Dec. 18, 2000; 66 FR 30085, June 5, 2001]

§ 36.602 Calculation of non-rural carrier portion of nationwide loop cost expense adjustment.

Effective July 1, 2001, for purposes of determining non-rural carrier interim hold-harmless support, pursuant to § 54.311 of this chapter, the annual amount of the total nationwide loop cost expense adjustment calculated pursuant to this subpart F shall not exceed the amount of the total loop cost expense adjustment for the immediately preceding calendar year, increased by a rate equal to the rate of increase in the total number of working loops during the calendar year preceding the July 31st filing. The total loop cost expense adjustment shall consist of the loop cost expense adjustments, including amounts calculated pursuant to §§ 36.612(a) and 36.631. The rate of increase in total working loops shall be based upon the difference between the number of total working loops on December 31 of the calendar year preceding the July 31st filing and the number of total working loops on December 31 of the second calendar year preceding that filing, both determined by the company's submissions pursuant to § 36.611. Non-rural incumbent local exchange carriers and eligible telecommunications carriers serving lines in the service area of non-rural incumbent local exchange carriers shall only receive support pursuant to this subpart F to the extent that they qualify pursuant to § 54.311 of this chapter for interim hold-harmless support. Support amounts calculated pursuant to this subpart F but not received due to the phase down of interim hold-harmless support or the receipt of forward-looking support pursu-

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ant to § 54.311 of this chapter shall not be redistributed to other carriers.

[66 FR 30085, June 5, 2001]

§ 36.603 Calculation of rural incumbent local exchange carrier portion of nationwide loop cost expense adjustment.

(a) Effective July 1, 2001, the rural incumbent local exchange carrier portion of the annual nationwide loop cost expense adjustment will be recomputed by the fund administrator as if the indexed cap calculated pursuant to § 36.601(c) and the corporate operations expense limitation calculated pursuant to § 36.621 had not been in effect for the calendar year 2000. For the period July 1, 2001, to December 31, 2001, the annualized amount of the rural incumbent local exchange carrier portion of the nationwide loop cost expense adjustment calculated pursuant to this subpart F shall not exceed the non-capped amount of the total rural incumbent local exchange carrier loop cost expense adjustment for the calendar year 2000, multiplied times one plus the Rural Growth Factor calculated pursuant to § 36.604. For the period January 1, 2002, to December 31, 2002, the annual amount of the rural incumbent local exchange carrier portion of the nationwide loop cost expense adjustment calculated pursuant to this subpart F shall not exceed the non-capped amount of the total rural incumbent local exchange carrier loop cost expense adjustment for calendar year 2000, multiplied times one plus the Rural Growth Factor for 2001, which then shall be multiplied times one plus the Rural Growth Factor for 2002. Beginning January 1, 2003, the annual amount of the rural incumbent local exchange carrier portion of the nationwide loop cost expense adjustment calculated pursuant to this subpart F shall not exceed the amount of the total rural incumbent local exchange carrier loop cost expense adjustment for the immediately preceding calendar year, multiplied times one plus the Rural Growth Factor calculated pursuant to § 36.604.

(b) The annual rural incumbent local exchange carrier portion of the nationwide loop cost expense adjustment shall be reduced to reflect the transfer

of rural incumbent local exchange carrier access lines that are eligible for expense adjustments pursuant to § 36.631. The reduction shall equal the amount of the § 36.631 expense adjustment available to the transferred access lines at the time of the transfer and shall be effective in the next calendar quarter after the access lines are transferred.

(c) Safety net additive support calculated pursuant to § 36.605, and transferred high-cost support and safety net support calculated pursuant to § 54.305 of this chapter shall not be included in the rural incumbent local exchange carrier portion of the annual nationwide loop cost expense adjustment.

[66 FR 30085, June 5, 2001, as amended at 67 FR 44083, July 1, 2002]

§ 36.604 Calculation of the rural growth factor.

The Rural Growth Factor (RGF) is equal to the sum of the annual percentage change in the United States Department of Commerce's Gross Domestic Product—Chained Price Index (GPD-CPI) plus the percentage change in the total number of rural incumbent local exchange carrier working loops during the calendar year preceding the July 31st filing submitted pursuant to § 36.611. The percentage change in total rural incumbent local exchange carrier working loops shall be based upon the difference between the total number of rural incumbent local exchange carrier working loops on December 31 of the calendar year preceding the July 31st filing and the total number of rural incumbent local exchange carrier working loops on December 31 of the second calendar year preceding that filing, both determined by the company's submissions pursuant to § 36.611. Loops acquired by rural incumbent local exchange carriers shall not be included in the RGF calculation.

[66 FR 30085, June 5, 2001]

§ 36.605 Calculation of safety net additive.

(a) “*Safety net additive support.*” A rural incumbent local exchange carrier shall receive safety net additive support if it satisfies the conditions set

forth in paragraph (c) of this section. Safety net additive support is support available to rural telephone companies, as conditioned in paragraph (c) of this section, in addition to support calculated pursuant to § 36.631. Safety net additive support shall not be available to rural telephone companies for exchange(s) that are subject to § 54.305 of this chapter.

(b) *Calculation of safety net additive support:* Safety net additive support is equal to the amount of capped support calculated pursuant to this subpart F in the qualifying year minus the amount of support in the year prior to qualifying for support subtracted from the difference between the uncapped expense adjustment for the study area in the qualifying year minus the uncapped expense adjustment in the year prior to qualifying for support as shown in the following equation: Safety net additive support = (Uncapped support in the qualifying year—Uncapped support in the base year)—(Capped support in the qualifying year—Amount of support received in the base year).

(c) *Operation of safety net additive support:* (1) In any year in which the total carrier loop cost expense adjustment is limited by the provisions of § 36.603 a rural incumbent local exchange carrier shall receive safety net additive support as calculated in paragraph (b) of this section, if in any study area, the rural incumbent local exchange carrier realizes growth in end of period Telecommunications Plant in Service (TPIS), as prescribed in § 32.2001 of this chapter, on a per loop basis, of at least 14 percent more than the study area's TPIS per loop investment at the end of the prior period.

(2) If paragraph (c)(1) of this section is met, the rural incumbent local exchange carrier must notify the Administrator; failure to properly notify the Administrator of eligibility shall result in disqualification of that study area for safety net additive, requiring the rural incumbent local exchange carrier to again meet the eligibility requirements in paragraph (c)(1) of this section for that study area in a subsequent period.

(3) Upon completion of verification by the Administrator that the study

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area meets the stated criterion in paragraphs (a), (b), (c) of this section, the Administrator shall:

(i) Pay to any qualifying rural telephone company, safety net additive support for the qualifying study area in accordance with the calculation set forth in paragraph (b) of this section; and

(ii) Continue to pay safety net additive support in any of the four succeeding years in which the total carrier loop expense adjustment is limited by the provisions of § 36.603. Safety net additive support in the succeeding four years shall be the lesser of:

(A) The sum of capped support and the safety net additive support received in the qualifying year; or

(B) The rural telephone company's uncapped support.

[66 FR 30086, June 5, 2001, as amended at 66 FR 65856, Dec. 21, 2001]

DATA COLLECTION

§ 36.611 Submission of information to the National Exchange Carrier Association (NECA).

In order to allow determination of the study areas and wire centers that are entitled to an expense adjustment pursuant to § 36.631, each incumbent local exchange carrier (LEC) must provide the National Exchange Carrier Association (NECA) (established pursuant to part 69 of this chapter) with the information listed for each study area in which such incumbent LEC operates, with the exception of the information listed in paragraph (h) of this section, which must be provided for each study area and, if applicable, for each wire center, as defined in part 54 of this chapter, and each disaggregation zone as established pursuant to § 54.315 of this chapter. This information is to be filed with NECA by July 31st of each year. The information provided pursuant to paragraph (h) of this section must be updated pursuant to § 36.612. Rural telephone companies that acquired exchanges subsequent to May 7, 1997, and incorporated those acquired exchanges into existing study areas shall separately provide the information required by paragraphs (a) through (h) of this section for both the acquired and existing exchanges.

(a) Unseparated, i.e., state and interstate, gross plant investment in Exchange Line Cable and Wire Facilities (C&WF) Subcategory 1.3 and Exchange Line Central Office (CO) Circuit Equipment Category 4.13. This amount shall be calculated as of December 31st of the calendar year preceding each July 31st filing.

(b) Unseparated accumulated depreciation and noncurrent deferred federal income taxes, attributable to Exchange Line C&WF Subcategory 1.3 investment, and Exchange Line CO Circuit Equipment Category 4.13 investment. These amounts shall be calculated as of December 31st of the calendar year preceding each July 31st filing, and shall be stated separately.

(c) Unseparated depreciation expense attributable to Exchange Line C&WF Subcategory 1.3 investment, and Exchange Line CO Circuit Equipment Category 4.13 investment. This amount shall be the actual depreciation expense for the calendar year preceding each July 31st filing.

(d) Unseparated maintenance expense attributable to Exchange Line C&WF Subcategory 1.3 investment and Exchange Line CO Circuit Equipment Category 4.113 investment. This amount shall be the actual repair expense for the calendar year preceding each July 31st filing.

(e) Unseparated corporate operations expenses, operating taxes, and the benefits and rent proportions of operating expenses. The amount for each of these categories of expense shall be the actual amount for that expense for the calendar year preceding each July 31st filing. The amount for each category of expense listed shall be stated separately.

(f) Unseparated gross telecommunications plant investment. This amount shall be calculated as of December 31st of the calendar year preceding each July 31st filing.

(g) Unseparated accumulated depreciation and noncurrent deferred federal income taxes attributable to local unseparated telecommunications plant investment. This amount shall be calculated as of December 31st of the calendar year preceding each July 31st filing.

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(h) For rural telephone companies, as that term is defined in §51.5 of this chapter, the number of working loops for each study area. For non-rural telephone companies, the number of working loops for each study area and for each wire center. For universal service support purposes, working loops are defined as the number of working Exchange Line C&WF loops used jointly for exchange and message telecommunications service, including C&WF subscriber lines associated with pay telephones in C&WF Category 1, but excluding WATS closed end access and TWX service. These figures shall be calculated as of December 31st of the calendar year preceding each July 31st filing.

[62 FR 32947, June 17, 1997, as amended at 64 FR 67430, Dec. 1, 1999; 66 FR 30086, June 5, 2001]

§ 36.612 Updating information submitted to the National Exchange Carrier Association.

(a) Any rural telephone company, as that term is defined in §51.5 of this chapter, may update the information submitted to the National Exchange Carrier Association (NECA) on July 31st pursuant to §§36.611 (a) through (h) one or more times annually on a rolling year basis according to the schedule, except that rural telephone companies in service areas where an eligible telecommunications carrier has initiated service and has reported line count data pursuant to §54.307(c) of this chapter must update the information submitted to NECA on July 31st pursuant to §36.611(h) according to the schedule. Every non-rural telephone company must update the information submitted to NECA on July 31st pursuant to §36.611 (h) according to the schedule.

(1) Submit data covering the last nine months of the previous calendar year and the first three months of the existing calendar year no later than September 30th of the existing year;

(2) Submit data covering the last six months of the previous calendar year and the first six months of the existing calendar year no later than December 30th of the existing year;

(3) Submit data covering the last three months of the second previous

calendar year and the first nine months of the previous calendar year no later than March 30th of the existing year.

(b) [Reserved]

[52 FR 17229, May 6, 1987, as amended at 62 FR 32947, June 17, 1997; 63 FR 2124, Jan. 13, 1998; 64 FR 67430, Dec. 1, 1999; 66 FR 30086, June 5, 2001]

§ 36.613 Submission of information by the National Exchange Carrier Association.

(a) On October 1 of each year, the National Exchange Carrier Association shall file with the Commission and Administrator the information listed below. Information filed with the Commission shall be compiled from information provided to the Association by telephone companies pursuant to §36.611.

(1) The unseparated loop cost for each study area and a nationwide-average unseparated loop cost.

(2) The annual amount of the high cost expense adjustment for each study area, and the total nationwide amount of the expense adjustment.

(3) The dollar amount and percentage of the increase in the nationwide average unseparated loop cost, as well as the dollar amount and percentage increase for each study area, for the previous 5 years, or the number of years NECA has been receiving information under §36.611, whichever is the shorter time period.

(b) [Reserved]

[52 FR 17229, May 6, 1997, as amended at 62 FR 32948, June 17, 1997; 63 FR 2124, Jan. 13, 1998]

CALCULATION OF LOOP COSTS FOR EXPENSE ADJUSTMENT

§ 36.621 Study area total unseparated loop cost.

(a) For the purpose of calculating the expense adjustment, the study area total unseparated loop cost equals the sum of the following:

(1) Return component for net unseparated Exchange Line C&WF subcategory 1.3 investment and Exchange Line CO Circuit Equipment Category 4.13 investment. This amount is calculated by deducting the accumulated depreciation and noncurrent deferred

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Federal income taxes attributable to C&WF subcategory 1.3 investment and Exchange Line Category 4.13 circuit investment reported pursuant to § 36.611(b) from the gross investment in Exchange Line C&WF subcategory 1.3 and CO Category 4.13 reported pursuant to § 36.611(a) to obtain the net unseparated C&WF subcategory 1.3 investment, and CO Category 4.13 investment. The net unseparated C&WF subcategory 1.3 investment and CO Category 4.13 investment is multiplied by the study area's authorized interstate rate of return.

(2) Depreciation expense attributable to C&WF subcategory 1.3 investment, and CO Category 4.13 investment as reported in § 36.611(c).

(3) Maintenance expense attributable to C&WF subcategory 1.3 investment, and CO Category 4.13 investment as reported in § 36.611(d).

(4) Corporate Operations Expenses, Operating Taxes and the benefits and rent portions of operating expenses, as reported in § 36.611(e) attributable to investment in C&WF Category 1.3 and COE Category 4.13. This amount is calculated by multiplying the total amount of these expenses and taxes by the ratio of the unseparated gross exchange plant investment in C&WF Category 1.3 and COE Category 4.13, as reported in § 36.611(a), to the unseparated gross telecommunications plant investment, as reported in § 36.611(f). Total Corporate Operations Expense, for purposes of calculating universal service support payments beginning July 1, 2001, shall be limited to the lesser of:

(i) The actual average monthly per-loop Corporate Operations Expense; or

(ii) A monthly per-loop amount computed according to paragraphs (a)(4)(ii)(A), (a)(4)(ii)(B), (a)(4)(ii)(C), and (a)(4)(ii)(D) of this section. To the extent that some carriers' corporate operations expenses are disallowed pursuant to these limitations, the national average unseparated cost per loop shall be adjusted accordingly.

(A) For study areas with 6,000 or fewer working loops the amount monthly per working loop shall be $\$33.30853 - (.00246 \times \text{the number of working loops})$, or, $\$50,000 \div \text{the number of working loops}$, whichever is greater;

(B) For study areas with more than 6,000 but fewer than 18,006 working loops, the monthly amount per working loop shall be $\$3.83195 + (88,429.20 \div \text{the number of working loops})$; and

(C) For study areas with 18,006 or more working loops, the monthly amount per working loop shall be $\$8.74472$.

(D) Beginning January 1, 2002, the monthly per-loop amount computed according to paragraphs (a)(4)(ii)(A), (a)(4)(ii)(B), and (a)(4)(ii)(C) of this section shall be adjusted each year to reflect the annual percentage change in the United States Department of Commerce's Gross Domestic Product-Chained Price Index (GDP-CPI).

(b) [Reserved]

[52 FR 17229, May 6, 1987, as amended at 56 FR 27422, June 14, 1991; 62 FR 32948, June 17, 1997; 62 FR 40748, July 30, 1997; 63 FR 2124, Jan. 13, 1998; 66 FR 30086, June 5, 2001]

§ 36.622 National and study area average unseparated loop costs.

(a) National Average Unseparated Loop Cost per Working Loop. Except as provided in paragraph (c) of this section, this is equal to the sum of the Loop Costs for each study area in the country as calculated pursuant to § 36.621(a) divided by the sum of the working loops reported in § 36.611(h) for each study area in the country. The national average unseparated loop cost per working loop shall be calculated by the National Exchange Carrier Association. Effective July 1, 2001, the national average unseparated loop cost for purposes of calculating expense adjustments for rural incumbent local exchange carriers, as that term is defined in § 54.5 of this chapter, is frozen at \$240.00.

(1) The National Average Unseparated Loop Cost per Working Loop shall be recalculated by the National Exchange Carrier Association to reflect the September, December, and March update filings.

(2) Each new nationwide average shall be used in determining the additional interstate expense allocation for companies which made filings by the most recent filing date.

(3) The calculation of a new national average to reflect the update filings

shall not affect the amount of the additional interstate expense allocation for companies which did not make an update filing by the most recent filing date.

(b) Study Area Average Unseparated Loop Cost per Working Loop. This is equal to the unseparated loop costs for the study area as calculated pursuant to § 36.621(a) divided by the number of working loops reported in § 36.611(h) for the study area.

(1) If a company elects to, or is required to, update the data which it has filed with the National Exchange Carrier Association as provided in § 36.612(a), the study area average unseparated loop cost per working loop and the amount of its additional interstate expense allocation shall be recalculated to reflect the updated data.

(2) [Reserved]

(c) The National Average Unseparated Loop Cost per Working Loop shall be the greater of:

(1) The amount calculated pursuant to the method described in paragraph (a) of this section; or

(2) Until June 30, 2001, an amount calculated to produce the maximum total Universal Service Fund allowable pursuant to § 36.601(c). Effective July 1, 2001, for non-rural carriers, an amount calculated to produce the maximum non-rural carrier portion of nationwide loop cost expense adjustment allowable pursuant to § 36.602. Effective July 1, 2001, for rural carriers, an amount calculated to produce the maximum rural incumbent local exchange carrier portion of nationwide loop cost expense adjustment allowable pursuant to § 36.603(a).

[52 FR 17229, May 6, 1987, as amended at 56 FR 27422, June 14, 1991; 58 FR 69242, Dec. 30, 1993; 60 FR 65012, Dec. 15, 1995; 61 FR 34377, July 2, 1996; 62 FR 32948, June 17, 1997; 63 FR 2125, Jan. 13, 1998; 64 FR 67430, Dec. 1, 1999; 66 FR 30087, June 5, 2001; 72 FR 46919, Aug. 22, 2007]

CALCULATION OF EXPENSE ADJUSTMENT—ADDITIONAL INTERSTATE EXPENSE ALLOCATION

§ 36.631 Expense adjustment.

(a)–(b) [Reserved]

(c) Beginning January 1, 1988, for study areas reporting 200,000 or fewer working loops pursuant to § 36.611(h),

the expense adjustment (additional interstate expense allocation) is equal to the sum of paragraphs (c)(1) through (2) of this section. After January 1, 2000, the expense adjustment (additional interstate expense allocation) for non-rural telephone companies serving study areas reporting 200,000 or fewer working loops pursuant to § 36.611(h) shall be calculated pursuant to § 54.309 of this chapter or § 54.311 of this chapter (which relies on this part), whichever is applicable.

(1) Sixty-five percent of the study area average unseparated loop cost per working loop as calculated pursuant to § 36.622(b) in excess of 115 percent of the national average for this cost but not greater than 150 percent of the national average for this cost as calculated pursuant to § 36.622(a) multiplied by the number of working loops reported in § 36.611(h) for the study area; and

(2) Seventy-five percent of the study area average unseparated loop cost per working loop as calculated pursuant to § 36.622(b) in excess of 150 percent of the national average for this cost as calculated pursuant to § 36.622(a) multiplied by the number of working loops reported in § 36.611(h) for the study area.

(d) Beginning January 1, 1998, for study areas reporting more than 200,000 working loops pursuant to § 36.611(h), the expense adjustment (additional interstate expense allocation) is equal to the sum of paragraphs (d)(1) through (4) of this section. After January 1, 2000, the expense adjustment (additional interstate expense allocation) for non-rural telephone companies serving study areas reporting more than 200,000 working loops pursuant to § 36.611(h) shall be calculated pursuant to § 54.309 of this chapter or § 54.311 of this chapter (which relies on this part), whichever is applicable.

(1) Ten percent of the study area average unseparated loop cost per working loop cost per working loop as calculated pursuant to § 36.622(b) in excess of 115 percent of the national average for this cost but not greater than 160 percent of the national average for this cost as calculated pursuant to § 36.622(a) multiplied by the number of working loops reported in § 36.611(h) for the study area;

(2) Thirty percent of the study area average unseparated loop cost per working loop as calculated pursuant to §36.622(b) in excess of 160 percent of the national average for this cost but not greater than 200 percent of the national average for this cost as calculated pursuant to §36.622(a) multiplied by the number of working loops reported in §36.611(h) for the study area;

(3) Sixty percent of the study area average unseparated loop cost per working loop as calculated pursuant to §36.622(b) in excess of 200 percent of the national average for this cost but not greater than 250 percent of the national average for this cost as calculated pursuant to §36.622(a) multiplied by the number of working loops reported in §36.611(h) for the study area; and

(4) Seventy-five percent of the study area average unseparated loop cost per working loop as calculated pursuant to §36.622(b) in excess of 250 percent of the national average for this cost as calculated pursuant to §36.622(a) multiplied by the number of working loops reported in §36.611(h) for the study area.

(e) Beginning April 1, 1989, the expense adjustment calculated pursuant to §36.631 (c) and (d) shall be adjusted each year to reflect changes in the size of the Universal Service Fund resulting from adjustments calculated pursuant to §36.612(a) made during the previous year. If the resulting amount exceeds the previous year's fund size, the difference will be added to the amount calculated pursuant to §36.631 (c) and (d) for the following year. If the adjustments made during the previous year result in a decrease in the size of the funding requirement, the difference will be subtracted from the amount calculated pursuant to §36.631 (c) and (d) for the following year.

[52 FR 17229, May 6, 1987, as amended at 53 FR 33011 and 33012, Aug. 29, 1988; 63 FR 2125, Jan. 13, 1998; 64 FR 67430, Dec. 1, 1999; 64 FR 73428, Dec. 30, 1999; 69 FR 12553, Mar. 17, 2004; 71 FR 65747, Nov. 9, 2006]

TRANSITIONAL EXPENSE ADJUSTMENT

Subpart G [Reserved]

APPENDIX TO PART 36—GLOSSARY

The descriptions of terms in this glossary are broad and have been prepared to assist in understanding the use of such terms in the separation procedures. Terms which are defined in the text of this part are not included in this glossary.

Access Line

A communications facility extending from a customer's premises to a serving central office comprising a subscriber line and, if necessary, a trunk facility, e.g., a WATS access line.

Book Cost

The cost of property as recorded on the books of a company.

Cable Fill Factor

The ratio of cable conductor or cable pair kilometers in use to total cable conductor or cable pair kilometers available in the plant, e.g., the ratio of revenue producing cable pair kilometers in use to total cable pair kilometers in plant.

Category

A grouping of items of property or expense to facilitate the apportionment of their costs among the operations and to which, ordinarily, a common measure of use is applicable.

Central Office

A switching unit, in a telephone system which provides service to the general public, having the necessary equipment and operations arrangements for terminating and interconnecting subscriber lines and trunks or trunks only. There may be more than one central office in a building.

Channel

An electrical path suitable for the transmission of communications between two or more points, ordinarily between two or more stations or between channel terminations in Telecommunication Company central offices. A channel may be furnished by wire, fiber optics, radio or a combination thereof.

Circuit

A fully operative communications path established in the normal circuit layout and currently used for message, WATS access, or private line services.

Circuit Kilometers

The route kilometers or revenue producing circuits in service, determined by measuring the length in terms of kilometers, of the actual path followed by the transmission medium.